

Request for Proposal (RFP)

Issue Date: Friday, October 1, 2004

Title: Debt Collection System Software

Purpose: To solicit proposals from qualified organizations for development or remote hosting of a debt collection software system.

Proposal Deadline: Responses must be received by Friday, November 12, 2004, 4:30 p.m. (EST).

Contact Name: All inquiries regarding this solicitation must be in writing (via fax, e-mail or mail) by Friday, October 15, 2004, 4:30 p.m. (EDT) and should be directed to:

Elaine Prescott, Administrative Services Manager
Kentucky Higher Education Student Loan Corporation
P.O. Box 24266
Louisville, KY 40224-0266
E-mail: eprescott@kheslc.com
Phone: (502) 329-7134
Fax: (502) 329-7208

Response to Inquiries: Responses to all submitted inquiries will be provided to all RFP recipients by 4:30 p.m. (EDT), Friday, October 29, 2004.

I. Organizational Overview

The Student Loan People also known as (KHESLC, Kentucky Higher Education Student Loan Corporation) was created by the 1978 Kentucky General Assembly as an independent municipal corporation to make, finance, service and collect educational loans. Its mission is to promote Kentucky's higher education opportunities by providing the lowest cost loan programs and related services

KHESLC is the sister agency of Kentucky Higher Education Assistance Authority (KHEAA) and is the state's only public, nonprofit student loan provider.

KHESLC offers the lowest cost student loans in Kentucky and provides \$5 million annually for additional student awards for the College Access Program (CAP) Grant, Kentucky Tuition Grant (KTG), and other KHEAA student aid programs for Kentucky Students.

The two entities have combined their defaulted student loan collection function which includes collection of defaulted federally insured student loans, non-federal student loan debt and other higher education debt owed to schools such as tuition debt.

KHESLC is investigating options to replace the current Debt Recovery System (DRS) software with a state of the art system capable of managing and processing a variety of student loan debts.

II. Product Requirements

A. General

The new debt recovery system (DRS) must be able to load data and manage Federal Family Education Loan Program (FFELP) loans and other federal student loan debt in addition to other, non-federal student debt, such as private education loans, Kentucky scholarship loans or tuition debt. The system must operate within the current production environment with existing call center systems, printing systems, imaging systems and the accounting general ledger system or provide a cost effective solution in providing those systems.

B. Specifications

1. Must be able to operate in the current IT environment listed below.

a. Product Environment

<i>Hardware:</i>	IBM iSeries Model 830
<i>Operating System:</i>	OS/400 5.2 (Plans are to migrate to 5.3 during fall of 2004)
<i>Software:</i>	COBOL, Java, JSP, Java Servlets, CL
<i>DataBase:</i>	OS/400 DB/2
<i>Application Server:</i>	Websphere Advanced Edition 4.0.5 on iSeries
<i>HTTP</i>	

b. Development Environment

<i>Hardware:</i>	IBM iSeries Model 830
<i>Operating System:</i>	OS/400 5.2 (Plans are to migrate to 5.3 during fall of 2004)
<i>Software:</i>	COBOL, Java, JSP, Java Servlets, CL
<i>DataBase:</i>	OS/400 DB/2

Application Server on iSeries
Websphere Advanced Edition 4.0.5
HTTP
Apache on iSeries

c. Call Center Systems

PBX Avaya G3 v11
Dialer Avaya Mosaix v11
IVR Avaya Conversant v8

d. Printing System

Xerox 4850 highlight color using VIPP

e. Imaging System

Filenet Panagon on IBM pSeries

f. Accounting General Ledger

Microsoft Great Plains Dynamics

2. System must currently be in use internally or by clients with all system/user testing completed.
3. System must provide a dynamic workflow that provides a wide range of flexibility to the collection processes. The system needs to provide the ability to segment out the portfolio and allow account migration through an event driven process. Example, an account needs to move from one place (queue, tray, bin etc...) to another based on an event such as a payment or rehabilitation or bankruptcy.
4. The speed of the system must be applicable to the uniqueness of collections in that response time is critical in collections and any delay in the system or available information can disrupt the negotiation process.
5. System must be easy to use and user friendly with a graphic user interface (GUI) so that it provides the ability to improve user proficiency and reduce training cost.
6. Training Environment – must be able to provide material for the ongoing training through easy to use tutorials (courseware). Must be able to provide adequate agent and supervisor training as well as ongoing support assistance.
7. Provide separate and equally flexible workflow structure to all corresponding applications for support functions. (e.g., Administrative Wage Garnishment (AWG) processing)
8. MIS – Reporting ability must be detailed and provide intuitive tools for processing data. All Analytical Processing must be available through an on-line tool or available through the use of a data warehouse where reports can be set up and generated using unique criteria.
9. System must provide a built in scoring application that has the ability to scrub the portfolio files for segmentation or unique account treatments.
10. System must have the ability to pool both assigned and unassigned accounts.

11. System search tools need to be able to cross reference multiple data fields within an account. (e.g., all phone numbers, names of borrowers, co-borrowers, references, attorneys, spouses etc...)
12. Provides ability to set alarms or the use of a tickling system to review accounts at a later time or date.
13. System should provide an integrated warning or alert functionality that notifies the user of important information. (e.g., possible FDCPA issues, attorney representation or bankruptcy etc...)
14. System must either provide a built-in on-line skip tracing function or the ability to integrate other on line skip tracing tools from the web into the process.
 - a. Directory Assistance
 - i. Address match
 - ii. Reverse phone match
 - iii. Nearby search
 - iv. Business category search
 - v. Government Directory Assistance Listing
 - b. Credit Reports (to all three credit reporting bureaus)
 - c. City, County, and State office listings
 - d. Address verification and correction (using United States Postal Service (USPS) ZIP+4 database)
15. System must be compatible with a Mosaix Auto Dialer or provide speed dialing.
16. Must be able to adapt to current EFT processing or provide a built in interface to a check-printing and Automated Clearing House (ACH) processing system.
17. For letters printing and process the system needs to provide options for use of current system or offer a reasonable alternative that would be inexpensive and efficient.
18. Must be able to allow “proof of concept” exchange that would allow the loading of “test” Accounts to the proposed system in effect providing “pilot” to show the gaps in processes and procedures.

C. Questions/Additional Information

Vendor must provide a written response to each item or question below.

1. Describe your system implementation planning process.
2. Provide a timeline for proposed implementation process.
3. Describe the components and/or resources you will need from KHESLC in your implementation process.
4. Describe a service plan that would indicate the level of ongoing customer service your company will provide to support KHESLC and its goals and expectations.
5. Provide detailed information on how your system was developed.
6. How long has the system been in a production environment?

7. When is the next upgrade or next version scheduled for release?
8. What are your future plans for upgrade/enhancements to this system?

IV. Proposal Requirements

A. General

The proposal **must** provide the following minimal information to demonstrate the capability of the proposer to provide the required product and services or it may be rejected as noncompliant. The proposer is encouraged to provide any other information that will be beneficial in reviewing product and service capabilities.

1. Vendor's related experience and a minimum of three references.
2. Vendor's most recent annual report, audited financial statements and computer security or service provider audit reports (if available).
3. Description of Vendor's liability insurance coverage.
4. Vendor's company profile, including mission/value statements and background information as it pertains to the student loan industry, specifically, recovery efforts.
5. Vendor will provide answers / information to all questions and requirements as specified in this proposal in order to be considered for contract award. All questions must be answered in sufficient detail for effective evaluation of Vendor's system. Proposals that contain a Vendor's own special terms and conditions in conflict with terms of the solicitation and/or state statutes and regulations may be rejected.
6. Price quotation including both unit pricing and maintenance charges based on the information listed in Product Requirements. **Vendor must submit pricing separately in a sealed envelope.**
7. Name and contact information of the primary individual who would work with KHESLC staff.
8. Vendors shall submit one response only to a solicitation and shall not propose more than one price for each item listed in the solicitation. Multiple or alternate offers of more than one price in total (or by line item) shall be cause for rejection unless specifically called for in special provisions elsewhere in this solicitation. Offers not conforming to this requirement shall be rejected.
9. Vendor shall state a definite time for delivery or performance of services unless otherwise stated in the solicitation. Time, if stated as a number of days, shall include Saturdays, Sundays and holidays.
10. Provide firm prices unless otherwise stated in the solicitation. KHESLC is exempt from Federal Excise Taxes and State Sales Taxes.
11. An executed copy of Vendor Guarantees. (*Attachment A*)
12. An executed copy of the Campaign Finance Law Compliance Statement (*Attachment B*)
13. A completed, signed and notarized Vendor Business Practice Statement. (*Attachment C*)
14. The proposal must be signed by an officer or person with authority to bind the company.

B. Contract Information

1. *Subcontracting:* If the vendor intends to subcontract any part of this service, the vendor must provide full disclosure of the subcontractor's name and a description of the relationship. KHESLC must approve such an agreement. Vendor remains fully liable for all work performed.
2. *Confidentiality:* The vendor shall comply with the provisions of the Privacy Act of 1974 and consumer privacy and data security provisions of the Graham-Leach-Bliley Act and instruct its employees to use the same degree of care as it uses with its own data to keep information concerning client data and the financial affairs of the Corporation confidential.
3. *Conflict of Interest:* The vendor covenants that it will have no interest, direct or indirect, that will conflict in any manner or degree with the performance of its contract services. The vendor further covenants that, in the performance of the contract, the vendor shall employ no person having any such known interests.
4. *Contract Requirements:* Any requirements contained in this RFP must be agreed upon contractually. Vendor and any subcontractor(s) must be authorized to do business in Kentucky, and have all required licenses. Contract will be administered by the laws of the Commonwealth of Kentucky and any suit will be filed in Kentucky.

C. Timeline Requirements

RFP Issue – Friday, October 1, 2004

Deadline for submitting questions – Friday, October 15, 2004

Questions Answered - Friday, October 29, 2004

Deadline for Accepting Proposals – Friday, November 12, 2004

Product Demonstrations/Oral Presentations – Wednesday, December 1, 2004 – Friday, December 3, 2004

D. Selection

The selection of a vendor will be based upon KHESLC's review of the documentation submitted in response to this Request for Proposal and an oral presentation and product demonstration. The vendor must submit all documentation as specified in "Proposal Requirements" and may submit additional written information. No oral or faxed information will be considered. The terms and provisions of the proposal must be valid for a period of 60 days from the proposal deadline.

One (1) original and four (4) copies of the proposal must be received by KHESLC no later than 4:30 p.m. (EST), Friday November 12, 2004.

KHESLC reserves the right to request additional information from a vendor to assist in understanding or clarifying a proposal. This information may be considered in the evaluation of the proposal. After review of the written proposals, vendors may be chosen to demonstrate their systems. With the exception of written inquiries regarding this RFP, no visits, electronic mail, telephone calls, or facsimiles with respect to the RFP will be accepted by the KHESLC contact from the issuance date of the RFP through the completion of the evaluation period

unless such contact is initiated by KHESLC. Any answers to written questions about the RFP will be provided to all RFP recipients.

KHESLC staff will independently review all compliant proposals. A selection, if any, will be made no later than Wednesday, December 8, 2004.

The following criteria, as requested in the written proposal and provided in the product demonstrations, will be considered in selecting a vendor:

1. Ability of Vendor and system to meet product requirements, integrate or co-exist with existing systems, and be fully implemented within required timeframes (50%)
2. Product demonstration/oral presentation (25%)
3. Fee Structure (15%)
4. Vendor's background, experience, and references (10%)

While KHESLC intends to obtain a debt recovery software system from a single source, it reserves the right to accept or reject any or all proposals received, as deemed in the best interest of KHESLC. Each respondent submitting a proposal will receive notification of the selection, if any.

If contract is awarded it may be subject to Government Service Contract Committee requirements going forward and may require a 30 day cancellation provision.

There is no expressed or implied obligation for KHESLC to reimburse vendors for any expenses incurred while preparing proposals in response to this request.

KHESLC reserves the right to retain all proposals submitted. All proposals will be subject to the Kentucky Open Records law, KRS 61.870-61.884.

KHESLC will ensure that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity. Accordingly, it is further the intent of the Corporation to conduct its business in accordance with the purpose of Title VI of the Civil Rights Act of 1964.

KHESLC retains the right to change any procedure as stated in this request for proposal.

Attachment A

Vendor Guarantees

The Vendor certifies its capability to provide and make available, at a minimum, all products and services set forth in the Product Requirements section of the Request for Proposal.

Signature of Official

Name (typed)

Title

Firm Name

Date

Attachment B

Campaign Finance Law Compliance

In accordance with the provisions of KRS 45A.110 and KRS 45A.115, each bidder or offeror shall submit this affidavit with the bid or proposal.

I hereby swear or affirm under penalty of perjury that:

- (1) neither the bidder nor offeror as defined in KRS 45A.070(6), nor the entity which he/she represents, has knowingly violated any provisions of the campaign finance laws of the Commonwealth of Kentucky, and
- (2) the award of a contract to the bidder or offeror or the entity which he/she represents will not violate any provisions of the campaign finance laws of the Commonwealth.

I have fully informed myself regarding the accuracy of the statement made above.

SIGNATURE

Printed Name

Title

Date

Company Name: _____

Address: _____

Attachment C

Vendor Business Practice Statement

THE UNDERSIGNED _____ (“VENDOR”) understands that Kentucky Higher Education Student Loan Corporation will not do business with any vendor that violates KRS 45A.343 (2) and (3) or 45A.455 and does not comply with this Vendor Business Practice Statement (the “Statement”).

COMPLIANCE WITH KRS 45A.343 (2) AND (3):

KRS 45A.343 (2) and (3) provide as follows:

- (2) After July 15, 1994, any contract entered into by a local public agency, whether under KRS 45A.345 to 45A.460 or any other authority, shall require the contractor to:
 - (a) Reveal any final determination of a violation by the contractor within the previous (5) year period pursuant to KRS Chapters 136, 139, 141, 337, 338, 341, and 342 that apply to the contractor; and
 - (b) Be in continuous compliance with the provisions of KRS Chapters 139, 139, 141, 337, 341, and 342 that apply to the contractor for the duration of the contract.
- (3) A contractor’s failure to reveal a final determination of a violation of KRS Chapters 136, 139, 141, 337, 338, 341, and 342 or to comply with these statutes for the duration of the contract shall be grounds for the local public agency’s:
 - (a) Cancellation of the contract; and
 - (b) Disqualification of the contractor from eligibility for future contracts awarded by the local public agency for a period of two (2) years.

Other statutes referenced in those sections are as follows:

KRS Chapters

136 REVENUE AND TAXATION - CORPORATION AND UTILITY TAXES

139 REVENUE AND TAXATION - SALES AND USE TAXES

141 REVENUE AND TAXATION - INCOME TAXES

337 LABOR AND HUMAN RIGHTS - WAGES AND HOURS

338 LABOR AND HUMAN RIGHTS - OCCUPATIONAL SAFETY AND HEALTH OF EMPLOYEES

341 LABOR AND HUMAN RIGHTS - UNEMPLOYMENT COMPENSATION

342 LABOR AND HUMAN RIGHTS – WORKERS’ COMPENSATION

VENDOR REPRESENTS AND COVENANTS that (check one): ☐ There has been no final determination of violation; or ☐ The attached list reflects all final determinations of violations of KRS Chapters 136, 139, 141, 337, 338, 341, and 342 which have been rendered against the Vendor within the five (5) years preceding this certification.

COMPLIANCE WITH KRS 45A.450 AND 45A.455:

VENDOR REPRESENTS AND COVENANTS that will not directly or indirectly offer or give any personal benefit, including but not limited to commissions, kickbacks, payments, loans, gratuities (including travel and entertainment), bribes, gifts, samples, services, promises of future employment or personal considerations, (hereinafter collectively referred to as “benefits”), in connections with any Corporation contract or work, to any Corporation director, officer or employee or their families, to any entity in which VENDOR knows a Corporation director, officer, or employee or member of the Corporation director, officer or employee’s family own a direct or indirect interest, or to any person affiliated with any subcontractor or consultant for the Corporation. VENDOR further understands that Corporation directors, officers, or employees are not permitted to accept any benefit and are required to comply with KRS 45A.450 and 45a.455 which is attached to this Statement.

VENDOR REPRESENTS that (check one): ☐ no list is attached; or ☐ it has attached and returned herewith a list of any “benefits” provided, directly or indirectly, in the past year to a Director, Officer or employee or a Director, Officer or employee’s family member including any employment or consulting relationship (excluding any meals of a nominal value).

VENDOR REPRESENTS that except as set forth on a list attached and returned herewith no one has solicited or requested benefits of any vendor’s directors, officers, employees, subcontractors, agents or representatives in connection with any contract with, purchase from, sale to or other work with the Corporation (hereinafter collectively referred to as “contractor”), and VENDOR covenants it will henceforth PROMPTLY report any future such solicitation or request to the Corporation.

COMPLIANCE WITH KRS 45A.395(2) AND 45A.400:

KRS 45A.395 (2) AND 45A.400 provide:

A written determination of a responsibility of a bidder or offeror shall not be made and no supplier shall be prequalified as a responsible prospective contractor until the bidder or offeror provides the local public agency with a sworn statement made under penalty of perjury that he has not knowingly violated any provisions of the campaign finance laws of the Commonwealth and that the award of a contract to the bidder of the offeror will not violate any provisions of the campaign finance laws of the Commonwealth. "Knowingly" means, with respect to conduct or to a circumstance described by a statute defining an offense, that a person is aware or should have been aware that his conduct is of nature or that the circumstance exists.

VENDOR CERTIFIES that neither he/she nor any member of his/her immediate family having an interest of 10% or more in any business entity involved in the performance of this contract, has contributed more than the amount in any business entity involved in the performance of this contract, has contributed more than the amount specified in KRS 121.056 (2), to the campaign of the gubernatorial candidate elected at the election last preceding the date of this certification. The undersigned further swear under the penalty of perjury, that neither he/she or the Company which he/she represents, has knowingly violated any provisions of the campaign finance laws of the Commonwealth, and that the award of a contract to Commonwealth him/her or the Company which he/she represents will not violate any provisions of the campaign finance laws of the

COMPLIANCE WITH KRS11A.404 (6) AND (8) – FORMER STATE EMPLOYEES SEEKING TO DO BUSINESS WITH THE STATE OR CONTEMPLATING REPRESENTATION OF ANOTHER BEFORE A STATE AGENCY:

KRS 11A.404 (6) AND (8) provide:

(6) No present or former officer or public servant listed in KRS 11A.010 (9)(a) to (I) shall, within six (6) months following termination of his office or employment, accept employment, compensation, or other economic benefit from any person or business that contracts or does business with the state in matters in which he was directly involved during the last thirty-six (36) months of his tenure. This provision shall not prohibit an individual from returning to the same business, firm, occupation, or profession in which he was involved prior to taking office or beginning his term of employment, provided that, for a period of six (6) months, he personally refrains from working on any matter in which he was directly involved during that last thirty-six (36) months of his tenure in state government. This subsection shall not prohibit the performance of ministerial functions including, but not limited to, filing tax returns, filing applications for permits or licenses, or filing incorporation papers, nor shall it prohibit the former officer or public servant from receiving public funds disbursed through entitlement programs.

(8) A former public servant shall not represent a person in a matter before a state agency in which the former public servant was directly involved, for a period of one (1) year the latter of: (a) The date of leaving office or termination of employment; or (b) The date the term of office expires to which the public servant was elected.

The law's applicability may be different if you hold elected office or are contemplating representation of another before a state agency. Also, if you are affiliated with a firm which does business with the state and which employs former state executive branch employees, you should be aware that the law might apply to them. In case of doubt, the law permits you to request an advisory opinion from the Executive Branch Ethics Commission, room 136, Capitol Building, 700 Capitol Avenue, Frankfort, Kentucky 40601; telephone (502) 564-2611.

VENDOR REPRESENTS AND COVENANTS that Vendor has no employees that are in violation of KRS 11a.404(6) and (8).

COMPLIANCE WITH KRS 11A.201 TO 11A.246- Executive Agency Lobbying

VENDOR REPRESENTS AND COVENANTS that it is in compliance with KRS 11A.201 TO 11A.246 (see informational copy of pertinent statutes attached).

VENDOR REPRESENTS that it will cooperate in responding to reasonable requests by the Corporation or its representatives to provide information and documentation regarding transactions with the Corporation.

If the foregoing representations and covenants are violated by VENDOR, its directors, officers, employees, subcontractor, agents, or representatives, it will constitute grounds for termination of any contracts between Corporation and VENDORE, at the Corporation's sole discretion.

VENDOR will inform its directors, officers, employees, agents and subcontractors of the requirements of this Statement.

WHEREBY, VENDOR has executed this Statement by its duly authorized representative on this _____ day of _____, 2004.

VENDOR NAME: _____

By: _____
(signature)

Name: _____
(print or type)

Title: _____

Telephone: _____

PLEASE SIGN AND RETURN TO:

Elaine Prescott
Administrative Services Manager
Kentucky Higher Education Student Loan Corporation
10180 Linn Station Road, Suite C200
Louisville, KY 40223

State of _____)

County of _____) SS

The foregoing statement was acknowledged and sworn to before me this _____ day
of _____, 2004, by _____.

Notary Public My Commission expires: _____.